

examine and estimate causes, will be succeeded by sales on the part of timid and untaught investors (in trepidation of a deeper plunge in values), who should preferably reckon the time propitious for purchases.

For stocks, like material commodities, when pressed for sale, must carry a diminished price to tempt the buyer—particularly when buyers generally become scantier by reason of the fall, and by reason, further, of possible purchasers finding no attraction towards the investment market when their funds, in a period of high interest, can be more profitably employed outside in trade and loans. In these modes the clearness of money, or a high rate of interest for its loan, causes a depreciation of securities, although these securities may remain as intrinsically valuable as before—the variation being consequent upon an alteration in the ratio of supply and demand of money.

The reversed story is told when money is cheap or the rate of interest exacted from borrowers is low—loanable resources being then, in excess of the demand for trading purposes, speculation and investments. The implication of this condition proves that commerce and trade are dull; that in consequence of the fewer transactions less money is required to conduct them : the diminished creation of debts incurred in the purchase of commodities is necessarily reflected in a sparser number of bills and cheques; and loans and discounts consequently, so far as trading operations are concerned, attest the attenuated state of competition. But when trade and trading loans thus cease to attract capital by reason of the small return, owners of money find that investments on the Stock Exchange, carefully selected, form a more profitable venture ; and speculators, particularly, are stimulated to try their fortune there with money borrowed at a rate inferior to that which can thus be realised. They are tempted further by the expectation that, as all conditions of business change and revolve, the values of securities may rise (to their profit on selling) as the public withdraw their

money from deposits and other sources and seek the more remunerative yield of stocks and shares. The values of securities become thus favourably affected; but, as has elsewhere been shown, the opportunity which benefits investments is precisely that which introduces a depressing element in the form of new